A Corporate Publication of Santee Cooper

# PowerSource

FALL 2005

*GOFER Program Observes Its 15th Annniversary*


**Wellman Recycles Waste | New Technology Keeps the Power Flowing | J.B. Thomason: Santee Cooper's Top Boss**

# Planning for Customer Growth

Every day, each of us at Santee Cooper focuses on our mission to be the state's leading resource for improving the quality of life for the people of South Carolina.

To succeed in this mission, we must continue to provide excellent customer service while matching the need to generate and deliver low-cost, reliable electricity and water as well as continuing to provide value to the state. To that effort, we are undergoing several major customer projects to ensure we are meeting the needs in our growing customer base across the state.

Growth in Santee Cooper's direct service territory of Berkeley, Georgetown and Horry counties is thriving. Santee Cooper balances this growth with smart planning to generate and deliver the needed power to all customer classes.

We have 147,000 direct retail customers, which represents close to a 50 percent increase in 10 years. And, about 2 million people who receive Santee Cooper-generated electricity from the 20 electric cooperatives across the state enjoy the benefits that electricity affords them.

More customers mean more electricity is needed. Add to that the high temperatures felt in the Southeast in June and July of this year and we continue to surpass our summer peaks. From June 5 through July 27, six new summer peaks were set. On July 26, Santee Cooper broke the 5,000-megawatt mark with a summer peak of 5,179 megawatts.

With more customers and rising demand for electricity, you see why additional generation is required. We're adding to our capacity by constructing two 600-megawatt units at our existing Cross Generating Station in Cross, S.C. Unit 3's construction continues with a commercial operation date targeted for January 2007. Unit 4 is slated to become commercial in January 2009. These additional 1,200 megawatts will help decrease Santee Cooper's fuel costs by reducing our dependency on purchased power and natural gas, thereby lowering expenses.

An added value of the generating station construction is the economic development boost the jobs bring to the region. In spring 2006, at the height of construction, approximately 20 major contractors and 60 subcontractors will employ almost as many people as Santee Cooper's entire work force.

Today, our customers demand both reliable power and fewer, shorter power interruptions. Santee Cooper's latest technology to help meet those demands is a new Power Outage Management System (OMS).

OMS is a software application that automates the handling of all outage events and customer calls by integrating data from various sources into a single computerized environment. Read more about the OMS in this issue.

Lonnie N. Carter
President and Chief Executive Officer

With the aid of this new weapon on the war against power outages, our reliability rate, which was 99.995 percent in 2004, continues to be one of the best in the country. We will continue working to make sure that when a customer flips the switch, the power is there.

Santee Cooper continues to keep our mission and our goals in the forefront of what we do every day. I promise you we are working diligently to provide low-cost reliable power and water with excellent customer service in a way that is safe and efficient. By doing so, the company adds true value to our great state of South Carolina.

Santee Cooper POWER

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# SANTEE COOPER'S GOFER PROGRAM

## OBSERVED 15TH ANNIVERSARY IN JULY

One of South Carolina's greatest environmental success stories is 15 years old this year. It's Santee Cooper's Give Oil for Energy Recovery or GOFER program.

It began as a way to target do-it-yourself oil changers and to solve the messy problem of proper disposal.

On the morning of July 30, 1990, the first gallon of used motor oil was poured into a 275-gallon tank beside Santee Cooper's headquarters in Moncks Corner. It was Santee Cooper's first GOFER site. Later that day, the second site opened at Winyah Generating Station near Georgetown. In June 1991, the program went statewide and hasn't looked back since.

Today, there are 574 used oil collection sites throughout South Carolina, serviced by a fleet of Santee Cooper trucks. Santee Cooper safely converts the oil into electricity.


***Left:*** *In July of this year, the GOFER program celebrated its 15th anniversary at an event held at the program's very first collection site. Those at the event held in Moncks Corner included (from left) Pat Walker, bureau chief, S.C. Dept. of Health and Environmental Control's Bureau of Land and Waste Management, GOFER and Lonnie N. Carter, president and chief executive officer of Santee Cooper.*

***Right:*** *Eddie Guerry, GOFER truck driver at Santee Cooper, pumps used oil into a tank at Jefferies Generating Station where the oil is burned to generate electricity. Since the program's inception, 17 million gallons of oil have been collected.*

"I would say Santee Cooper provided a solution for proper used-oil disposal in South Carolina," says Jay Hudson, manager of environmental management, who served as Santee Cooper's first GOFER administrator. "The biggest benefit has been to the public, providing a safe and convenient way to dispose of used oil. That didn't exist before. Santee Cooper benefits because we recover fuel we need. It's been a big success for South Carolina, while most other states still struggle with this environmental challenge."


*GOFER watches as the late Barrett Lawrimore, former chairman of Charleston County Council, pours the millionth gallon of used oil into the collection tank at the Charleston Recycling Center in Charleston, S.C on Sept. 11, 1996.*

**There are 574 used oil collection sites throughout South Carolina, serviced by Santee Cooper trucks.**

As a way to observe the 20th anniversary of Earth Day, Santee Cooper held a pilot project in April 1990, offering a two-day collection period for the public in Moncks Corner and Myrtle Beach. About 600 gallons were collected. The demand was there.

GOFER's 15th anniversary was celebrated in Moncks Corner on July 27, where Santee Cooper and state officials marked the occasion with brief speeches, by recognizing GOFER coloring contest winners and by ceremoniously pouring a few gallons of oil. There was even an appearance by the GOFER mascot.

"GOFER is such a positive environmental story for South Carolina because, until the program came along, the public had few, if any, real options to properly dispose of used oil," said Lonnie Carter, the utility's president and chief executive officer. "There is no excuse to dump used oil on the ground or in a body of water. It's also illegal. There are at least four GOFER sites in every county in the state. Thirty-eight counties have at least 10 GOFER sites, most of which are located at county recycling centers. GOFER's success is due to the public who do the right thing environmentally by using this service. Today we thank them for their participation through the years."

"Santee Cooper provides an invaluable service by picking up the used motor oil at most, if not all, recycling centers throughout the state," said Pat Walker, bureau chief of the S.C. Department of Health and Environmental Control's bureau of land and waste management.

Through the years, the GOFER program has expanded because of partnerships with DHEC, county governments and electric cooperatives, as well as the demand for the service.

Before GOFER came along, handymen and women, boaters, and lawn mower oil-changers had few safe and convenient options to dispose of used motor oil. A 1991 state law, which became effective in 1992, finally banned used oil dumping. Santee Cooper began placing tanks around the state.


*Thomas Altman, one of four Santee Cooper GOFER truck drivers, stands with one of the vehicles used to collect oil. The truck is at BMW in Spartanburg County collecting oil that will be used to generate electricity.*

*GOFER oil is burned in Units 1 and 2 at Jefferies Generating Station. In the background are Jefferies Hydroelectric Station and the Pinopolis Lock, which join Lake Moultrie to the Tailrace Canal.*

Used oil is bad for the environment. How bad? One gallon can foul 1 million gallons of freshwater. DHEC estimates that, before GOFER came along, up to 1 million gallons of used oil were dumped onto the soil, in ditches and in streams.

Last year, 900,352 gallons of do-it-yourselfer oil were collected, plus 1,043,203 gallons were collected from industrial and commercial sources. Several years ago, Santee Cooper expanded its collection approach to include these new sources of oil.

Including pick ups from commercial and industrial sources, GOFER now typically collects around 2 million gallons of used oil, making the GOFER program the largest used oil collection system in the state. Since the GOFER program began 15 years ago:

• Approximately 17.5 million gallons of used motor oil have been collected and safely converted into electric power.


***Above:*** *Santee Cooper principal engineer Dave Mundy, a former administrator of the GOFER program, educates a group of school children about the value of recycling oil.*

***Left:*** *As part of the anniversary celebration, a coloring contest was held for employees' children. The winner of the age 1-3 category was Kaylee Marino, daughter of Scott Marino, an analyst in Santee Cooper's MIS department.*

**Last year DHEC reported that Santee Cooper collected 900,352 gallons of used oil.**





• This motor oil made enough electricity to power over 1.5 million average-sized homes throughout South Carolina for one month.

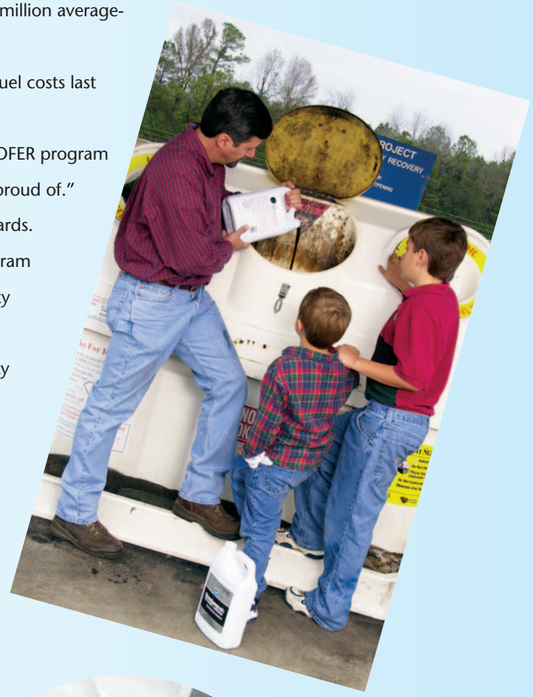
• GOFER saved Santee Cooper approximately $900,000 in fuel costs last year and is projected to save $1.2 million this year.

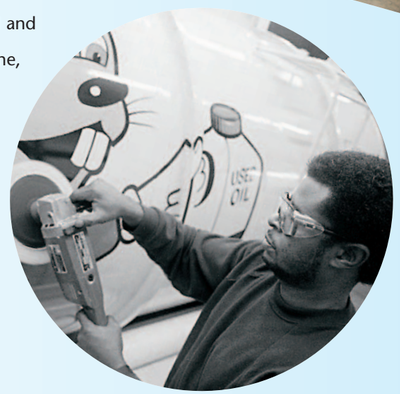
"The program has matured," says Frank Coffey, a former GOFER program administrator. "I think it's something Santee Cooper should be proud of." The GOFER program has won nearly a dozen environmental awards.

"It's nice to win awards, but the great thing is that the program has shown how we've worked with state government and county governments to meet a need," says Dave Evans, supervisor of environmental services. "Most GOFER tanks are located at county recycling centers, which were just getting started when GOFER came along. We've developed along with them."

Hudson says Santee Cooper will continue to collect oil and locate tanks in the few underserved areas in South Carolina. At 15, the GOFER character is a recognizable symbol of Santee Cooper's responsiveness and how the utility adds value to the state.

The GOFER team is comprised of dispatcher Jimmy Absher, and drivers Tommy Altman, Eddie Guerry, Tommy Hill and Ernest Winningham. Dot Smith staffs the GOFER Hotline, assisted by Debbie Sweatman.





***Above:*** *It's important to educate children about the importance of protecting the earth. Here, Santee Cooper's vector management supervisor John Grant, along with his sons Aaron and Daniel, pours used motor oil into one of the collection sites.*

***Right:*** *Paint and body repairer Roy Smith applies the GOFER decal to one of the collection trucks.*

# New Technology Helps Keep the Power Flowing

*Typical weather along South Carolina's coast can include high temperatures and high humidity with a low pressure cell that rolls in off the coast and collides with an isolated mass of cooler air moving down from the Upstate. Boom! Lightening, heavy rains and gusts of wind deliver Mother Nature's force upon residents and businesses along the Grand Strand. As a result, the power goes out in a scattering of locations. As individuals scramble to "let the power company know," technology and teamwork are employed to expedite the recovery process and return life to "normal."*

Not so long ago, electric utilities managed power outages using a radio dispatcher, a service crew and a trouble ticket system to respond to a customer's call that his or her lights were out. Utilities, including Santee Cooper, found that system worked well in an era when computers weren't prevalent, when businesses and homes were less dependent on sensitive electronic equipment and when folks were just a bit more tolerant of an occasional power interruption.

Today, that has all changed, as customers demand both reliable power and fewer, shorter interruptions. So when the power goes out, the battle to restore it must include many maneuvers and a new arsenal of some pretty sophisticated high-tech weapons.

Santee Cooper's latest technology is a new Power Outage Management System (OMS) used in the distribution of power in the utility's direct service


***Above:*** *Bryan Lewis, supervisor of distribution SCADA and control, stands in front of the system map board at Santee Cooper's distribution control center. The board, which measures 54 feet in length and consists of 80,000 one-inch square tiles, provides a snapshot view of the SCADA status.*

***Right:*** *Santee Cooper service crews are dispatched more quickly and efficiently, thanks to the Power Outage Management System.*



retail area. OMS is a software application that automates the handling of all outage events and customer calls by integrating data from various sources into a single computerized environment.

"OMS is able to receive and manage large amounts of incoming data from multiple sources," explains Diane Bell, manager of distribution planning and technical operations. The OMS system is fully integrated with the company's Interactive Voice Response (IVR) system, Customer Information System (CIS), Geographic Information System (GIS) and Supervisory Control and Data Acquisition (SCADA) system. "All of these technologies work together to make the restoration of power much more efficient, faster and safer," says Bell.

*Engineering associate Hal Allen works behind the scenes testing the OMS to ensure it properly handles outage events and customer calls.*

## What Causes a Power Outage?

Why do power outages occur in the first place?

"Unfortunately, we can't eliminate outages," says Bell, "but we make a continuous effort to keep as many as we can from happening."

Maintenance of the system is critical to preventing outages. It takes hundreds of staff hours to ensure equipment in substations and on lines is working properly. "In addition, planning personnel work years in advance to project what customer needs will be so we can have the facilities when and where they are needed," explains Bell.

With ongoing maintenance and proper planning, many outages are prevented. "Nevertheless, we do have interruptions in power flow because equipment will malfunction and Mother Nature doesn't always cooperate with us," Bell says. She cites wind, lightning, ice, and even squirrels, snakes and birds as causes of power loss.





## How Technologies Work Together to Get the Lights Back On

When a customer calls to report an outage, Santee Cooper's IVR system uses caller-identification technology to process the outage. It matches the caller's telephone number to a telephone number in Santee Cooper's CIS. The caller is asked if he or she would like to report an outage at the address of the telephone number. If the system doesn't get a matched telephone number through caller ID, the system asks the caller to enter the phone number of the outage address. An automated outage report is instantly created.

"This system is fast, efficient and easy for customers to use and doesn't involve speaking to a 'live person' but of course, the option to speak with a customer services representative is always available," says Bell. The IVR system can accept up to 6,000 calls per hour.

Bryan Lewis, supervisor of distribution SCADA and control, recalls when as many as 20,000 outage calls came in through the IVR system over a two to three-day period during past hurricanes.

"Before we had OMS as an automated way to manage and group trouble calls, we had to manually sort each call, and there was no way to know if outages in a particular area were related or not," says Lewis. "The addition of our new Outage Management System software is already greatly enhancing the restoration process."

OMS groups calls by location and then checks each location against a detailed circuit-model database within the GIS. On its video monitor, the GIS displays every home, business, power line, transformer and other electrical equipment associated with the delivery of electricity to the customer. OMS instantaneously takes all of this data and performs a predictive analysis of the problem.

Through this analysis, distribution control can quickly learn if the problem might be a blown fuse, a transformer malfunction or perhaps an entire circuit that is open or shorted. If critical customers, such as hospitals or other

*Distribution controller Christopher Harrell and associate MIS analyst Krystal Davis were part of the OMS development team. They are in the Distribution Control Center standing in front of the OMS monitors.*

emergency facilities, are identified by OMS as part of the outage, Santee Cooper knows about the outage before receiving a call. Distribution control personnel dispatch service crews to the problem. Santee Cooper line technicians arrive on site with increased information about the nature of the problem and have a head start on making the repairs. Customer service operators also have access to more information that can be passed along to customers who may call Santee Cooper's Call Center.

*Sherri Linen, principal engineer in project support, shows how the utility's mapping system works with the OMS.*

Another technology not as new as OMS but perhaps even more important in the restoration arsenal is SCADA. Santee Cooper was one of the first utilities in South Carolina to advance the use of SCADA, a computer-based system allowing remote monitoring and control of devices within substations and on distribution lines.

*Customer services representative Cathy Floyd is a member of the Customer Call Center team. The quicker the customer services representatives have information about outages and restoration, the sooner they can provide restoration updates to customers.*

Unlike OMS, SCADA doesn't predict where a problem might be, but actually sends an instantaneous signal to distribution control that an outage has occurred. An interface between SCADA and OMS allows an outage to be automatically confirmed within OMS when a distribution feeder breaker locks out.

A breaker locks out after it has gone through three attempts at reclosing to clear a fault. For example, if a tree falls on a line, a substation breaker will lock out, causing an outage. A line technician would be dispatched to clear the line and make the necessary repairs. If the tree falls off the line before the breaker locks out, the breaker will automatically reclose and power will be restored. If the breaker operation proceeds to lockout condition, the fault is a permanent fault that must be fixed.





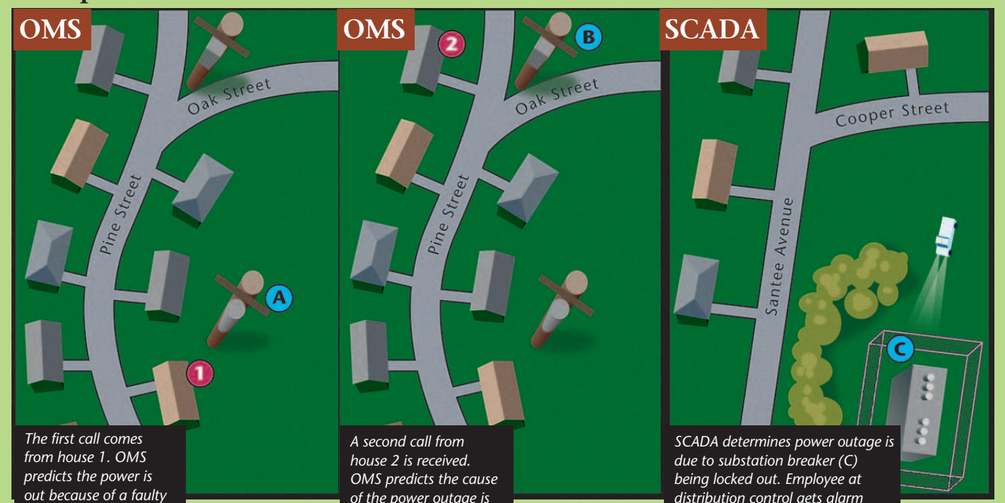
In the above example, if the object such as the tree were to clear itself, distribution control will see the fault is clear and the breaker could be re-energized without ever sending an employee to the location.

Technology has certainly made lives easier for Santee Cooper customers. People are more dependent than ever on technology to help them be more comfortable and better entertained. That same technology also provides Santee Cooper the weapons it needs to win the war on power outages.

Bill McCall, executive vice president and chief operating officer, says modern technology is offering continuous improvements in controlling power flow, maintaining reliability and responding effectively to any interruptions.

"Our customers have high expectations of us, and we are constantly looking for ways not only to meet their expectations but also to exceed them," says McCall. "We've learned through our customer satisfaction surveys that our customers feel we do a good job to restore power. Through technology and other efforts such as OMS, we are working to raise the bar even higher."

## OMS predicts. SCADA notifies.




*The first call comes from house 1. OMS predicts the power is out because of a faulty transformer (A).*

*A second call from house 2 is received. OMS predicts the cause of the power outage is a blown fuse (B).*

*SCADA determines power outage is due to substation breaker (C) being locked out. Employee at distribution control gets alarm from SCADA. A truck is dispatched before the first call is received.*

# J.B. Thomason:

## Succeeded Living Legend on Route to 12-Year Tenure as Santee Cooper's Top Boss

*He was a man, like many men in all walks of life before him, who labored dutifully in the long and, many would say in his case, the overwhelming shadow of another man.*

*He waited for his chance to take a place at the top of the corporate ladder—and his many years of being in the background prepared him for the moment.*

That moment came on April 20, 1964, when Richard Manning Jefferies, Santee Cooper's second chief executive, died in a Charleston hospital. Jefferies, a former state senator who held many posts during his decades of public service, had run Santee Cooper since Dec. 16, 1943. And many would say with a very firm but fair, iron hand.

It was now time for a man named John B. "J.B." Thomason to make his mark at Santee Cooper. But he would have to wait nearly seven months after Jefferies' death before the Santee Cooper Board of Directors named him to the state-owned utility's top administrative post.

On Nov. 6, 1964, Thomason got the job, a position he would hold for 12 years. His length of service was eclipsed only by Jefferies and William C. Mescher, now a state senator, who held the post for 13 years.


***Top:*** *Members of the 1971 board of directors were: (from left) W.B. Davis Jr., Vernon E. Sumwalt, Cleatus O. Brazzell, General Manager J.B. Thomason, Chairman Robert S. Davis, J. Thomas Grier, John C. Thompson and B.A. Jordan Jr.*
***Right:*** *J.B. Thomason joined Santee Cooper in 1947 and served as Santee Cooper's general manager (the utility's chief executive) from 1964 through 1976. He was associated with Santee Cooper almost since its beginning, having been employed as a design engineer during its construction by Harza Engineering Co. of Chicago.*




*During Thomason's tenure, the Dolphus M. Grainger Generating Station in Conway became operational in 1966, adding 306 megawatts to the Santee Cooper system.*

Thomason was Santee Cooper's last chief executive who was called a "general manager." With Mescher, who was hired from an Illinois investor-owned utility, Santee Cooper's pinnacle position took the more modern title of "president and chief executive officer."

Thomason died nearly 11 years ago. Who was the man they referred to by two initials and who had been in the background? It's been nearly 30 years since Thomason worked at Santee Cooper. What could be considered his accomplishments, his legacy by following the high-profile Jefferies?

Thomason was a native of Rock Hill and attended the University of South Carolina for two years. However, he received his degree in electrical engineering from Iowa State University, located in Ames, Iowa.

As the 1965 Santee Cooper annual report states, "Mr. Thomason is a registered professional engineer and has been associated with the Santee Cooper almost since its beginning, having been employed as a design engineer during its construction by Harza Engineering Co. of Chicago, design engineers for the Santee Cooper project."

The Santee Cooper Hydroelectric and Navigation Project, as it was formally known, was at the time the largest land-clearing project in the nation's history. Built between 1939 and 1942, the $70 million endeavor created lakes Marion and Moultrie, the state's largest freshwater resource.

Before joining Harza, Thomason worked for the Emerson Electric Manufacturing Co., based in St. Louis, Mo. During America's involvement in World War II, from December 1941 until its conclusion in September 1945, Thomason was employed by Tennessee Eastman Corp. in Oak Ridge, Tenn.

Later he was a part of building the Clarks Hill hydroelectric project on the South Carolina-Georgia border. Thomason was employed as a design engineer on that project by Chas. T. Main Inc. Clarks Hill was constructed from 1946 to 1954 by the U.S. Army Corps of Engineers. In 1987, it was renamed the J. Strom Thurmond Dam and Lake in honor of the former state senator, governor and longest serving U.S. senator in American history.



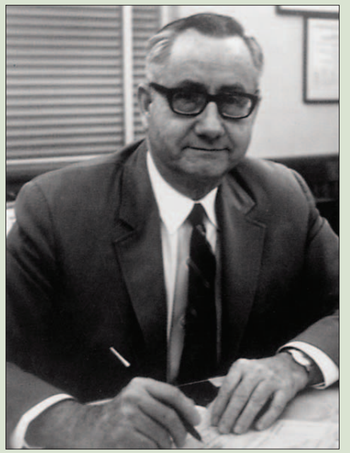


Thomason came to Santee Cooper in August 1947 and worked "in various engineering positions and as assistant to the general manager," according to Santee Cooper's 1965 annual report. From 1952 to 1956, Thomason was Santee Cooper's "planning superintendent," serving in that capacity until becoming Jefferies' assistant.

Thomason put his planning background to good use because Santee Cooper added 973 megawatts of generating capability during his 12 years of running the utility.

When he came on board, Santee Cooper had the ability to produce just 242 MWs of its own power, an amount of electricity sufficient to light up about 111,300 average-sized homes in South Carolina today. Because of this demand, Santee Cooper was forced to buy more and more power from other sources as the years went by. Thomason presided over a large part of making Santee Cooper more "self sufficient."

When he left in 1976, Santee Cooper was capable of powering nearly 559,000 homes, a testament to a growing South Carolina, which included growth from 15 of the state's 20 electric cooperatives that had Santee Cooper as their source of power. Today, all of the state's co-ops depend on Santee Cooper for almost 100 percent of their energy needs.



*Thomason at work in Santee Cooper's corporate headquarters on Live Oak Drive in Moncks Corner. The utility was housed at this location from 1953 until 1983.*

The Grainger Generating Station in Conway, which went into commercial operation in 1966, was the biggest generating project brought online in Thomason's time. With its 306 MWs, it was Santee Cooper's first generating station designed to run exclusively on coal.

Construction of Grainger Station was well on its way when Thomason took over.

A project he guided through its conception and construction of the first of

*On Oct. 18, 1973, Santee Cooper announced it was entering into a joint agreement with South Carolina Electric & Gas for a one-third ownership (about 300 megawatts) interest in the V.C. Summer Nuclear Station in Fairfield County. At the announcement are (from left) board chairman Robert S. Davis, A.M. Williams, Virgil C. Summers (for whom the station is named), S.C. Gov. John West and J.B. Thomason.*

four units was the Winyah Generating Station near Georgetown. Winyah Unit 1, a 295-MW coal-fired facility, started up in 1975.

Also during Thomason's time of managing the Moncks Corner-based utility, two oil-fired combustion turbine or "peaking" units, capable of producing 80 MWs, were added to an existing one-unit facility at Myrtle Beach.

On Hilton Head Island, two 20-MW combustion turbines were also built, a response to the emerging popularity of that island resort, served by Palmetto Electric Cooperative.

Constructing generating units is one of the most capital- and labor-intensive things power companies do. Under Thomason, Santee Cooper took giant steps forward and a foundation was beginning to be laid for even more impressive and dramatic growth.

"Bill" Mescher, as most of his friends call him, the man who succeeded Thomason, knew him well. They were both engineers, and when Mescher came on board on March 1, 1976, Thomason was still around for a while.

*Unit 1 at Winyah Generating Station near Georgetown, S.C. first generated electricity in 1975 during Thomason's leadership. Unit 2, a matching facility to Unit 1, began adding electricity to Santee Cooper's system two years later in July 1977.*

"He stayed on for one year after I was hired," Mescher says. "He cooperated with me and while it might have been a bit awkward at times, it worked out fine. I liked the man. He was a gentleman and was always very gracious. He lived right down the street from me in Pinopolis. He and his wife didn't entertain much and pretty much kept to themselves. They were sort of quiet folks. But I had a tremendous amount of respect for him."

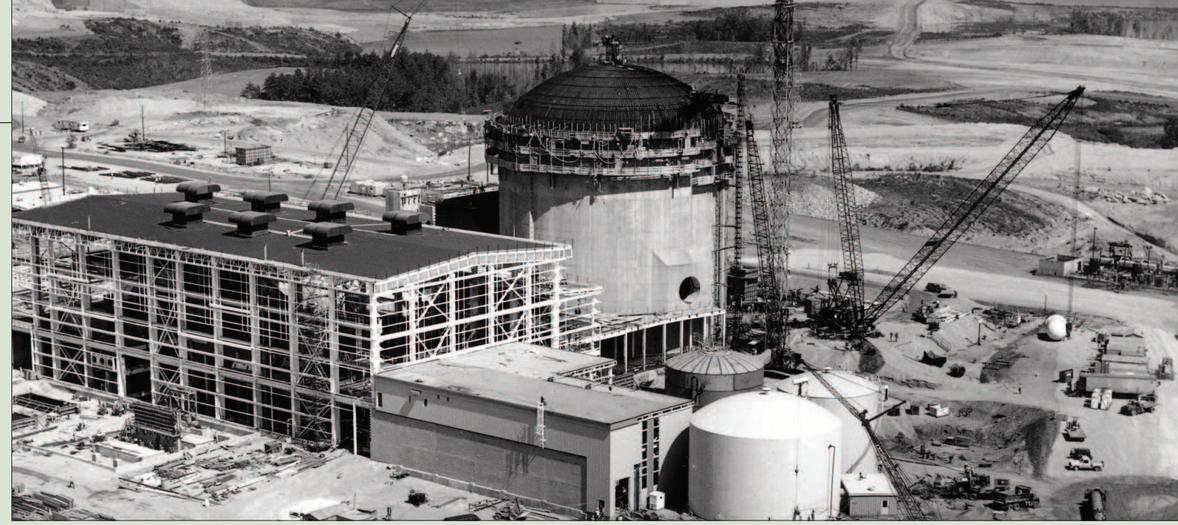
Mescher, who's served in the state Senate since 1993, says it was tough for Thomason following the well-connected "Dick" Jefferies who had even served as governor of South Carolina for a brief time.

"He labored in the shadows of Dick Jefferies," Mescher says. "He simply didn't have the political background that Jefferies did, but few men in South Carolina did. J.B. did the best he could with what he had to work with."

Santee Cooper didn't have a lot of money in the bank or the resources it enjoys today. Start-up costs associated with Grainger Station resulted in Santee Cooper having to consider tapping into a special reserve fund "to help cover the required capital improvements," according to an annual report.

But things improved. Operating revenue during Thomason's time went from $4.83 million in fiscal year 1964-65 to over $8 million in 1975-76.





*Construction, which began during Thomason's leadership, is underway at the V.C. Summer Nuclear Station in Jenkinsville, S.C. The station began commercial operation in 1983.*

In his final report as general manager, Thomason cited spiraling fuel costs, driven by the rapidly rising price of coal, load growth and a "short-term cash squeeze" as his major challenges. While Santee Cooper's financial situation is very sound, coal prices are still something all electric utilities are dealing with today.

Clarence Gramling, a Santee Cooper retiree living in Moncks Corner, worked shoulder-to-shoulder with Thomason during his entire tenure as general manager. He remembers Thomason fondly.

"He was a fine fellow and a Southern gentleman of the first order," says Gramling, an engineer who retired in 1985 as senior vice president of system operations. "He was honest, sincere and a man of great integrity. He was a very caring person and a man of his word. He wasn't outgoing, but was very knowledgeable. Mr. Thomason knew how to ferret out waste, how to get the tallow out of a gnat financially and taught me how to save a dollar. I considered it a pleasure to work with him."

Thomason was a church-going man. He and his wife, the former Phebe Ann Sloan of St. Louis, Mo., were members of Moncks Corner's First Presbyterian Church. They had two children, John Cary and Karen Dale T. Steudel.

After retirement, Thomason and his wife moved to West Columbia. He died on March 19, 1995. His widow still lives there today.

All the qualities that Thomason possessed served Santee Cooper well during its formative years of which he was a critical part. Santee Cooper benefited from this man of honor and would learn just how valuable and precious those traits were for its leadership in the ensuing decades.

# Wellman Recycles Waste into Fibers, Packaging and Resins

*For many of us, recycling has become part of everyday life. We place our newspapers, glass, aluminum and plastic on the curb for pickup or perhaps deliver our recyclables to a local recycle center. We keep this post-consumer waste out of the landfills and hope that these raw materials can be recycled and reprocessed into new products. We believe it's the right thing to do.*

For Wellman Inc., recycling is not only the right thing to do but the right business decision. In fact, Wellman's Johnsonville, S.C. plant has been recycling post-industrial waste since the 1960s and post-consumer waste since the 1970s. Wellman is one of the world's largest recyclers of plastics, reclaiming almost 3 billion PET (polyethelene terephthalate) bottles and containers annually.

Wellman is a world leader in the manufacture of textile and fiberfill fibers, plastic packaging and PET and engineering resins made from both virgin and recycled raw materials.

According to Wellman's 2004 Annual Report,

*Wellman manufactures and markets high-quality PermaClear brand PET (polyethelene terephthalate) packaging resin, Fortrel brand polyester staple fibers and Wellamid engineering resin. Wellman is one of the worlds largest PET plastic recyclers (soft drink bottles for example), using a significant amount of recycled raw materials in their manufacturing operations.*

***Above:*** *Carroll Burrows, site director, holds a radiator fan and shroud manufactured from resin produced in the Engineering Resins Division of the Johnsonville site.*
***Right:*** *Post-industrial waste like this is used to produce a compounded resin or a staple fiber.*

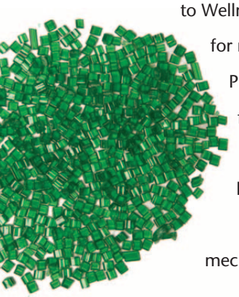
### How did Wellman evolve as a survivor in the textile industry?

Wellman was first established as a wool-combing operation in 1927 and relocated from Massachusetts to Johnsonville in 1954 in large part due to favorable labor costs, a plentiful source of water from the Lynches River and the warm-water port of Charleston.

"By the 1960s, Wellman was looking for new ways to invest and began exploring the production of synthetic fibers based on processing post-industrial waste from the manufacture of nylon polymers and PET polymers," according to Johnsonville Plant Site Director Carroll Burrows. "At that time most of these raw materials were going into landfills.

"Wellman removed these materials from landfills for processing long before the popularity of recycling," continues Burrows. "This was the beginning of Wellman's synthetic fiber operation and the production of its fiberfill."

Wellman soon realized that as other companies recognized the value of the post-industrial waste stream, supplies of this raw material would soon be limited. But thanks to Wellman's foresight, the recycling operations thrived as another waste stream for raw materials was identified. In the 1970s, Wellman began processing PET or plastic drink bottles, melting them down and producing a fiber from that raw material.



With this further development of its recycling processes, Wellman's long-term survival was assured.

"But Wellman's strength as a recycler was based primarily in its mechanical processes. The company needed a chemical process, and with the purchase of Fiber Industries in the late 1980s, Wellman gained the ability to manufacture products from chemical raw materials," says Burrows. "These PET resins and textile fibers manufacturing assets are now located at plants in Darlington, S.C. and Pearl River, Miss."

### What is housed at the Johnsonville Plant?

The Johnsonville plant, which consists of 2.2 million square feet of building space on 625 acres, is the home of Wellman's Recycled Products Group where lanolin, fiberfill fibers and engineering resins are produced.

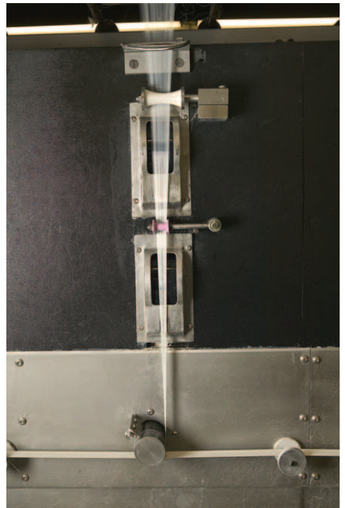
***Top:*** *Pete Mention stacks bales of recycled bottles that will be processed in the manufacture of the staple fiber.*
***Right:*** *James Wilson monitors one of the machines used to process recycled material.*





### What are the products produced at the Pee Dee site?

- Lanolin, a carryover from the wool-combing operation, is processed for cosmetics and lotions.
- Fiberfill fibers are made from post-consumer recycled products such as drink bottles. It is estimated that in 2005, Wellman will recycle 120 million pounds of plastic bottles. These polyester fibers are found in sleeping bags, jacket insulation, cushions, pillows, furniture and carpet.
- Engineering resins are just that, resins that are engineered for a particular product design. The process involves combining polymers, both virgin and recycled, with fillers such as glass fiber to provide strength, minerals to provide stiffness and heat stabilizers to provide heat resistance. The post-industrial and post-consumer materials recycled into engineering resins at the Johnsonville plant are primarily suitable for black plastic applications in automotive products such as fan housings, headlamp bezels and door handles.



***Top:*** *Korina Gutierrez checks the post-consumer recycled-product stream to ensure only the desired material passes into the next stage of the process.*
***Right:*** *Recycled post-consumer and post-industrial wastes are spun into fiber.*

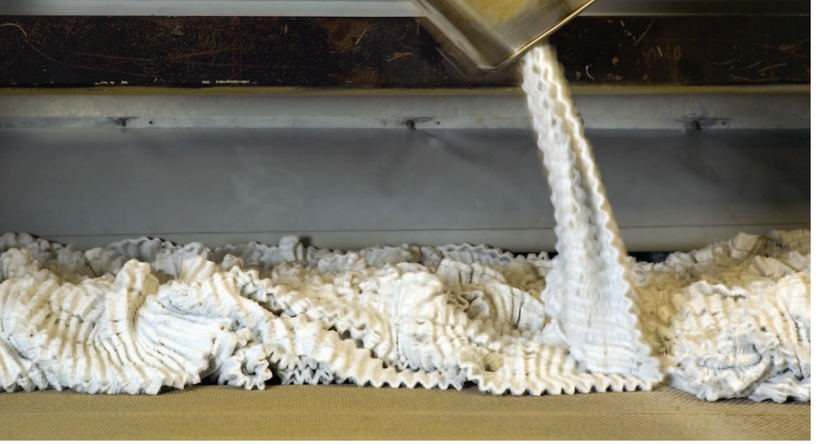
### How are used products recycled?

Johnsonville is also the home of a raw material preparation unit process, which supports the production of engineering resins and fibers by processing the recycled material.

In other words, Wellman buys waste streams, cleans them up and makes a product, either engineering resins or fibers.

Discarded plastic bottles arrive at Wellman's Johnsonville plant from all over the country, especially states that have mandatory deposits. In the Material Recovery Division or MRD, the bottles are cleaned up and prepared for processing ultimately to end up in polyester fibers.

In Building 12, the process of taking post-industrial raw materials, both nylon and polyester, and post-consumer nylon,



*Spun and processed fiber are about to enter the final stages of the process.*

in the form of carpet, uses various types of equipment to inspect, sort and clean the material. This waste stream ends up in engineering resins.

While Wellman was one of the first to recycle both post-industrial materials as well as post-consumer bottles, it was also one of the first companies to recycle post-consumer carpet that was previously placed in the landfill. Today it is one of the few remaining companies to recycle this carpet. In 1998, Wellman established a collection point in Atlanta for collecting, sorting, screening and baling post-consumer carpet.

This operation is a winning combination by saving landfill space, reducing disposal costs for carpet installers and lowering Wellman's raw materials costs.

### Why do the employees matter at Wellman?

Wellman strives to improve quality through product development, process improvements, manufacturing efficiency and customer service.

Its employees are key to achieving these improvements, with a work force blending both seasoned employees with young engineers. While matching career goals with corporate expectations, Wellman sustains and improves employee skills through training and development. Wellman maintains dedicated, capable employees with the flexibility to change when business needs change.

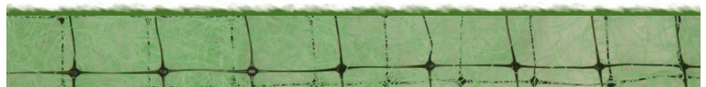
Though employee numbers at the Johnsonville plant have fallen through the years from a high of 1,600 to the present day 560, improved efficiency has resulted in greater productivity on a pound per person basis.

### What drives research and development at Wellman?

"Wellman observes the market very carefully," according to Burrows. "Understanding a customer's needs is the key to maintaining strong customer partnerships. That's why research and development are primarily customer-driven."

Adds Burrows, "What are the characteristics of the next generation of fiber and what are the potential new applications? How can we engineer a product that better meets the specifications of our customers? These are important questions as Wellman looks to the future and strives to develop raw materials that will meet a customer's product requirements."

A better Wellman product results in a better customer product.







### What is Wellman's partnership with Santee Cooper?

Wellman seeks partnerships with its suppliers that help the company remain competitive, and Santee Cooper and Wellman have developed a strong, cooperative relationship through the years.

"Electricity costs are a significant part of the overall operating costs of Wellman's recycling and manufacturing processes," according to human resources manager Dal Avant. "The pressures of competing in a global market require continuing emphasis on cost control and reduction. That's why the low-cost, reliable power that Santee Cooper provides is so important to Wellman."

***Top:*** *Wilbur Davis watches the product on one of the compounding lines where the engineered resins are produced.*
***Bottom:*** *Thomas Aiken transfers engineering resin pellets into a tanker truck for shipment to the customer.*

### What is Wellman's vision and future?

Look around you. Who's wearing wool these days? If Wellman was still strictly the wool top textile business it once was, there may no longer be a Wellman.

Through vision and flexibility, Wellman met the challenges of change and competition in the world market head to head. Wellman's recognition of the value of recycled raw materials and its innovative ability to mine these raw materials, clean them up and turn them into a quality product is perhaps Wellman's greatest strength.

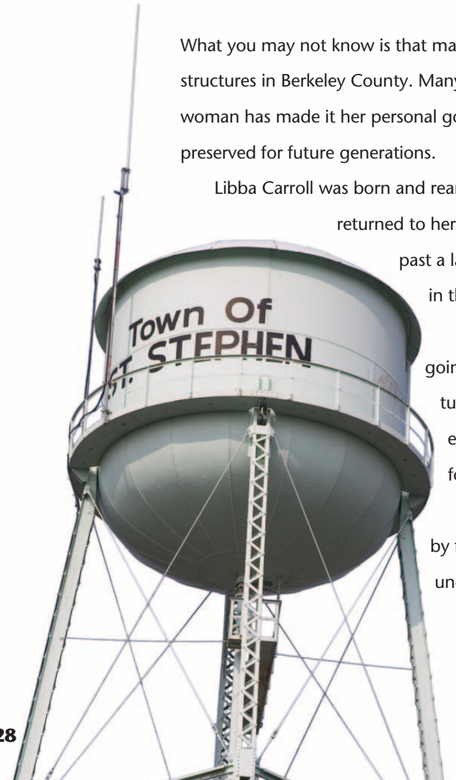
While improving efficiency, controlling costs and maintaining profitability, Wellman's commitment to the needs of its customers will continue to be its primary focus in the future.

For more information about Wellman, visit their Web site at www.wellmaninc.com

# History Abounds in a Lowcountry Town

*During the sweltering summer months in South Carolina, the Lowcountry sun beats down onto the row of brick buildings along Main Street in St. Stephen, S.C.*

*And although rain showers travel through town about as often as the train on the railroad track that divides the town, one of the best ways to beat the heat is to hop inside one of the local shops and cool down in the air conditioning.*




What you may not know is that many of these commercial buildings are some of the oldest structures in Berkeley County. Many buildings here have stood the test of time, and one woman has made it her personal goal to assure the charm and character of St. Stephen's past is preserved for future generations.

Libba Carroll was born and reared in St. Stephen, and after a 20-year hiatus, she has returned to her hometown to head a preservation effort. As she walks past a large, boarded-up theater building, she says, "Beauty is in the eye of the beholder."

Memories of her childhood inspire her efforts. She recalls going to the theater in her youth for a mere 25 cents. Carroll turns to look at the abandoned building and explains with excitement, "I envision a community theater. It will be a place for local plays and entertainment."

Another one of her current projects is a hotel once owned by former Santee Cooper employee, the late Jimmy Keller. Here, under the shade of the tall oak and magnolia trees on Hotel

***Right:*** *Typical of small southern towns, a railroad track dissects St. Stephen, S.C., located in northern Berkeley County.*

Street, the hotel once played a major role in the development of the town. "People came to visit from all around," Carroll says.

Built between 1910 and 1915, the structure still stands sound, despite its peeling paint and overgrown yard. Carroll has been working with others to obtain grants to revive the hotel, which hasn't been open to the public since the 1950s.

Preserving the St. Stephen's Episcopal Church and its grounds is her most notable preservation effort. The site is on the National Register of Historic Places and is the only church in town honored with a historical marker.

Settlers founded St. Stephen's Parish over 250 years ago and the church was completed in 1767. Much of the church's décor is original, such as the pews, pulpit and the reredos, a large, ornate structure behind the altar. This is the only original existing reredos in the United States. Outside the church, the names carved into the gravestones read like a history book of South Carolina. Many important and influential people have been laid to rest here from the founding fathers of Charleston, to soldiers from every major United States war, to perhaps the town's most notable native son — L. Mendel Rivers.

*St. Stephen director of public works Johnny Broome is grateful for the low-cost, reliable power Santee Cooper brings to his town, and to the state.*

A member of the parish during his childhood, Rivers received his education from both the College of Charleston and the University of South Carolina. He was elected to the U.S. House of Representatives in 1941 and was re-elected another 15 times. His legacy is remembered in St. Stephen through local plays, community events and a street adjacent to the churchyard named in his honor.

Santee Cooper's connection to the town can be traced back for decades. The first electricity was delivered to the town in the 1920s by the Santee Hardwood Mill Co.

According to Carroll, it was Santee Cooper that "brought electricity to the masses." This one-time plantation and farming community was greatly changed by the advent of electricity.

"From household chores to how you got your water, all was affected by how you got your electricity," Carroll says.

Customer services representative Ejurie Brown sees this effect every day.




***Left:*** *St. Stephen's Episcopal Church (in the background) is one of many famous historical sites in Berkeley County. The St. Stephen's Parish was founded over 250 years ago with the church completed in 1767. In the foreground is a monument bearing the name of RIVERS for L. Mendel Rivers (1905-1970), a native of St. Stephen who served in the U.S. House of Representatives from 1941 until his death.*
***Right:*** *Santee Cooper customer services representative Ejurie Brown spends her days accepting payments from utility customers in northern Berkeley County.*

Today, Santee Cooper has about 250 commercial and almost 800 residential accounts in St. Stephen.

Brown, a 22-year Santee Cooper employee, says she enjoys working in St. Stephen because of the interaction with customers. The frequent contact and developing relationships are two reasons she prefers working with "a face instead of an account number."

At Santee Cooper's office on the corner of Church and Main streets, local residents often make their payments in person.

"They appreciate the convenient location," says Brown, who estimates on a busy day about 70 to 100 customers walk into the office to pay their bills.

Santee Cooper isn't the only utility for which Brown collects payments. Customers of Berkeley Electric Cooperative and Berkeley Propane Co. can also stop by Santee Cooper's Main Street retail office to pay bills. Since 1997, this partnership has provided, and continues to provide, a needed and valued service to St. Stephen residents.


*St. Stephen's Main Street was once a thriving business district. Santee Cooper's retail office is in the left foreground.*

"We value excellent customer service, and we extend that philosophy to our customers as well as the co-op's customers," says Sabrina Seay, office manager of the Moncks Corner and St. Stephen offices. "It's a win-win situation for both of us, and we're pleased to provide the service."

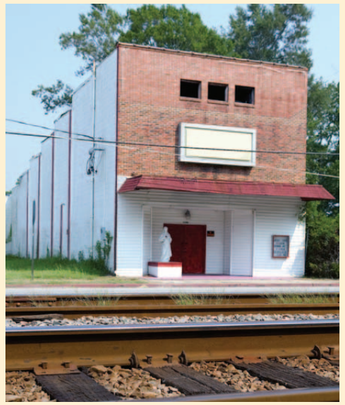
Besides paying their "light bill," many of the customers, which Brown knows by name, also come to share their day's experiences, chitchat about the past month's happenings, talk about their grandchildren or to simply say hello.

"We also listen to their problems and concerns," Brown says, "which is part of the one-on-one experience." This personal touch and sense of community drew her to this job in St. Stephen.

Santee Cooper line technician Terry Fowler also experiences daily contact with customers. On any given day he can be found crisscrossing St. Stephen in his truck performing commercial and residential maintenance. When asked about his work in St. Stephen, he simply states, "When the power is on, the customers are happy. When it's off, they're not."

*Local folks helping with the town's restoration project are looking for financial resources to help patch up then fix up the old hotel.*

Just north of town is the U.S. Army Corps of Engineer's St. Stephen Powerhouse. This three-unit hydroelectric facility is located on the Rediversion Canal and is capable of generating up to 84 megawatts of electricity.



*St. Stephen's town theater was once a hopping place on the weekends. One idea for the theater is to make it a place for local plays and entertainment.*

*St. Stephen native Libba Carroll, standing in the St. Stephen's Episcopal Church, recently returned home to spearhead the town's preservation effort.*

The Corps completed the Rediversion Canal in 1983 in an effort to reduce the sedimentation in the Charleston Harbor. The 11-mile long canal connects Lake Moultrie to the Santee River.

In addition to generating electricity, the generating station houses a "fish lift," which aids aquatic migration upstream, thus reducing the environmental impact on the waterway.

Santee Cooper brings the benefit of low-cost, reliable power to St. Stephen, and for that the town's director of public works, Johnny Broome, is grateful.

"Santee Cooper does more than just provide a service to St. Stephen," says Broome. Its employees participate in just about every cultural, recreational and historical event in our community."

St. Stephen has a captivating past and a bright future. The people of St. Stephen are proud of their town. As the train moves down the tracks through town each day, the people of St. Stephen will also move forward, remembering their rich history.





# NewSource

## It's Public Power Week: Oct. 2-8

*Public Power is Good for Consumers, Business, Communities and the Nation.*

That's this year's slogan for the American Public Power Association's annual celebration of public power.

Public power is a strong competitive force that provides a yardstick for consumers and regulators to measure the performance and rates of private power companies. This continuous competition helps all electric consumers, not just those served by public power.

### Did You Know...

*...that Nebraska is the only state in America totally served by a consumer-owned public power system delivering electricity as a nonprofit service?*

*...that about two-thirds of public power systems do not generate their own electricity? They purchase it on the wholesale market for distribution to their customers.*

*...that more than 2,000 community-owned electric utilities serve over 43 million people or about 14 percent of the nation's electricity consumers?*

PUBLIC POWER
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Public power systems promote and defend the benefits of public power—community ownership, local control, not-for-profit rates and public accountability. These basic attributes provide the platform for lower rates, customer service, reliability and community service for which public power is renowned.

For more information about public power, visit the American Public Power Association's Web site at www.appanet.org.

## Invest in South Carolina's Future And Purchase a Mini-Bond

Saving for retirement? Thinking about your child's college education? Wanting to do something special for your grandchildren? Look no further. Your answer may be a Santee Cooper Mini-Bond. It's an instrument that demonstrates the state-owned electric and water utility's stable and financially healthy position, exemplified by the ratings given by three major rating agencies.

These bonds are issued to finance equipment and ongoing capital improvements to Santee Cooper's generating and transmission systems, including the current construction of two new units at Cross Generating Station, a $1.4 billion capital expenditure. This project, and others, allows Santee Cooper to continue providing low-cost, reliable power and water with excellent customer service to the people of South Carolina.

Santee Cooper offers Capital Appreciation Mini-Bonds in $200 increments and Current Interest Bearing Mini-Bonds in $500 increments. The sale ends Oct. 24. The maximum combined purchase is set at $10,000 per individual. However, if a married couple buys bonds jointly, they may purchase up to $20,000.

To request an information package, call toll-free (877) 246-3338. Completed order forms and payment must be received by Oct. 24. Go to www.santeecooper.com/minibonds to get up-to-date information about the program.

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